

CONFIDENTIAL

POLITICAL DECLARATION SETTING OUT THE FRAMEWORK FOR THE FUTURE RELATIONSHIP BETWEEN THE EUROPEAN UNION AND THE UNITED KINGDOM

(amended draft 2)

INTRODUCTION

1. The European Union, hereafter referred to as “the Union”, and the United Kingdom of Great Britain and Northern Ireland, hereafter referred to as “the United Kingdom”, (“the Parties”) have agreed this political declaration on their future relationship, on the basis that Article 50(2) of the Treaty on European Union (TEU) provides for the negotiation of an agreement setting out the arrangements for the withdrawal of a departing Member State, taking account of the framework for its future relationship with the Union. In that context, this declaration accompanies ***and is to be interpreted alongside*** the Withdrawal Agreement that has been endorsed by the Parties, subject to ratification.¹
2. The Union and United Kingdom are determined to work together to safeguard the rules-based international order, the rule of law and promotion of democracy, and high standards of free and fair trade and workers’ rights, consumer and environmental protection, and cooperation against internal and external threats to their values and interests.
3. In that spirit, this declaration establishes the parameters of ***an association agreement that encapsulates*** an ambitious, broad, deep and flexible partnership across trade and economic cooperation, law enforcement and criminal justice, foreign policy, security and defence and wider areas of cooperation. Where the Parties consider it to be in their mutual interest during the negotiations, the future relationship may encompass areas of cooperation beyond those described in this political declaration. This relationship will be rooted in the values and interests that the Union and the United Kingdom share. These arise from their geography, history and ideals anchored in their common European heritage. The Union and the United Kingdom agree that prosperity and security are enhanced by embracing free and fair trade, defending individual rights and the rule of law, protecting workers, consumers and the environment, and standing together against threats to rights and values from without or within.
4. The future association agreement will be based on a balance of rights and obligations, taking into account the principles ***and objectives*** of each Party. This balance will ensure the autonomy of the Union’s decision making and be consistent with the Union’s principles, in particular with respect to the integrity of the Single Market and the Customs Union. It must also ensure the ***integrity*** of the United Kingdom and the protection of its internal market, while respecting the result of the 2016 referendum.
5. ***Cooperation between the Parties in the framework of the future relationship shall respect the constitutional, legal and political autonomy and identity of the United Kingdom and of the European Union and its Member States.***
6. The period of the United Kingdom’s membership of the Union has resulted in a high level of integration between the Union’s and the United Kingdom’s economies, and an interwoven past and future of the Union’s and the United Kingdom’s people and priorities. The future

¹ The European Union agrees to make a reference to the Political Declaration in a recital to the Council Decision on the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

relationship will inevitably need to take account of this unique context. While it cannot amount to the rights or obligations of membership, the Parties are agreed that the future relationship should be approached with high ambition with regard to its scope and depth, and recognise that this might evolve over time. Above all, it should be a relationship that will work in the interests of citizens of the Union and the United Kingdom, now and in the future.

7. ***Both Parties are committed to putting in place a stable system of joint governance of the association agreement that is democratic, trustworthy and transparent, that facilitates regular dialogue and mutual consultation, and assures the arbitration of disputes. This joint governance will oversee the smooth functioning of a close economic, political and security partnership, while allowing for its future evolution.***
8. ***The association agreement will include arrangements for a deep and comprehensive free trade area (DCFTA) and a customs accord, in compliance with rights and obligations arising out of World Trade Organisation (WTO) membership. The agreement will promote trade and investment. It will take into account the need for a degree of regulatory alignment that will be determined in the negotiations.***
9. ***The association agreement will ensure no regression in terms of current levels of cooperation in terms of internal and external security. It will lay the foundation for the development of continuing, closer cooperation between the two Parties in the fields of interior affairs and foreign policy and defence while respecting their constitutional autonomy and current and future obligations under international law.***
10. ***Negotiation of the association agreement will begin immediately after the entry into force of the Withdrawal Agreement. The EU will authorise the opening of the negotiations, according to the provisions of Article 218 TFEU, on the basis of this Declaration. Both Parties will use their best endeavours to align the entry into force of the association agreement with the termination of the transition period as provided for in the Withdrawal Agreement.***

PART I: INITIAL PROVISIONS

BASIS FOR COOPERATION

A. Core values and rights

11. The Parties agree that the future relationship ***will*** be underpinned by shared values such as the respect for and safeguarding of human rights and fundamental freedoms, democratic principles, the rule of law and support for non-proliferation. The Parties agree that these values are an essential prerequisite for the cooperation envisaged in this framework. The Parties also reaffirm their commitment to promoting effective multilateralism.

12. The future relationship ***will*** incorporate the United Kingdom's continued commitment to ***adhere to*** the European Convention on Human Rights (ECHR), while the Union and its Member States will ***also*** remain bound by the Charter of Fundamental Rights of the European Union, which reaffirms the rights as they result in particular from the ECHR. ***The United Kingdom supports the accession of the Union to the ECHR.***

B. Data protection

13. In view of the importance of data flows and exchanges across the future relationship, the Parties are committed to ensuring a high level of personal data protection to facilitate such flows between them.

14. The Union's data protection rules provide for a framework allowing the European Commission to recognise a third country's data protection standards as providing an adequate level of protection, thereby facilitating transfers of personal data to that third country. On the basis of this framework, the European Commission will start the assessments with respect to the United Kingdom as soon as possible after the United Kingdom's withdrawal, endeavouring to adopt decisions by the end of 2020, if the applicable conditions are met. Noting that the United Kingdom will be establishing its own international transfer regime, the United Kingdom will in the same timeframe take steps to ensure the comparable facilitation of transfers of personal data to the Union, if the applicable conditions are met. The future relationship will not affect the Parties' autonomy over their respective personal data protection rules.

15. In this context, the Parties **will** also make arrangements for appropriate **and effective** cooperation between regulators.

II. AREAS OF SHARED INTEREST

A. Participation in Union programmes

16. ***Both Parties recognise the benefit of the United Kingdom's active participation in the Union's numerous programmes of policy and regulatory development, and accordingly wish this participation to continue, subject to the new balance of rights and obligations.***

Noting the intended breadth and depth of the future relationship and the close bond between their citizens, the Parties will establish general principles, terms and conditions for the United Kingdom's participation in Union programmes, subject to the conditions set out in the corresponding Union instruments, in areas such as science and innovation, youth, culture and education, overseas development and external action, defence capabilities, civil protection and space. These **will** include a fair and appropriate financial contribution, provisions allowing for sound financial management by both Parties, fair treatment of participants, and management and consultation appropriate to the nature of the cooperation between the Parties.

17. The Parties will also explore the participation of the United Kingdom to the European Research Infrastructure Consortia (ERICs), subject to the conditions of the Union legal instruments and individual ERIC statutes, and taking into account the level of participation of the United Kingdom in Union programmes on science and innovation.

18. The Parties recall their shared commitment to delivering a future PEACE PLUS programme to sustain work on reconciliation and a shared future in Northern Ireland, maintaining the current funding proportions for the future programme.

B. Dialogues

19. ***Cognisant of their shared culture, the Parties will continue to engage in and promote dialogue, exchanges and joint work in education at all levels, in the arts, scientific research and technological innovation. To enable such engagement, the association agreement will lay down rules to facilitate the mobility of those involved in these fields.***

20. In addition, the **European Union welcomes** the United Kingdom's intention to explore options for **a renewed contribution to the activities of** the European Investment Bank.

PART II: ECONOMIC PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES

21. The Parties recognise that they have ***a vital and interdependent*** trading and investment relationship, reflecting more than 45 years of economic integration during the United Kingdom's membership of the Union, the sizes of the two economies and their geographic proximity, which have led to complex and integrated supply chains.

22. Against this backdrop, the Parties agree to develop an ambitious, wide-ranging and balanced economic partnership. This partnership will be comprehensive, encompassing a free trade area as well as wider sectoral cooperation. It will be underpinned by provisions ensuring a level playing field for open and fair competition, as set out in Section XIV of this Part. It should facilitate ***and promote*** trade and investment between the Parties, while respecting the integrity of the Union's Single Market and the Customs Union as well as the United Kingdom's internal market.

23. ***The Parties aim to retain a high degree of regulatory equivalence which will be determined precisely, sector by sector, in the negotiation of the association agreement. However, the new constitutional situation means that each Party*** will retain its autonomy and the ability to regulate economic activity according to the levels of protection each deems appropriate in order to achieve legitimate public policy objectives such as public health, animal health and welfare, social services, public education, safety, the environment including climate change, public morals, social or consumer protection, privacy and data protection, and promotion and protection of cultural diversity. The economic partnership will recognise that sustainable development is an overarching objective of the Parties. The economic partnership will also provide for appropriate general exceptions, including in relation to security.

24. The Parties ***intend*** to replace the backstop solution on Northern Ireland by ***an association*** agreement that establishes alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

II. GOODS

A. Objectives and principles

25. The Parties envisage having a trading relationship on goods that is as close as possible, with a view to facilitating ***as frictionless*** trade ***as possible***. ***The association agreement will lay down the terms and conditions for the United Kingdom's participation in the Union's internal market.***

26. ***While recognising that both Parties wish to maintain a high degree of regulatory alignment, the new*** arrangements will take account of the fact that following the United Kingdom's withdrawal from the Union, the Parties will form separate markets and distinct legal orders. Moving goods across borders can pose risks to the integrity and proper functioning of these markets, which are managed through customs procedures and checks.

27. However, with a view to facilitating the movement of goods across borders, the Parties envisage comprehensive arrangements that will create a free trade area, combining deep regulatory and customs cooperation, underpinned by provisions ensuring a level playing field for open and fair competition.

B. Tariffs

28. The economic partnership ***must*** ensure no tariffs, fees, charges or quantitative restrictions across all sectors, with ambitious customs arrangements that, in line with the Parties' objectives and principles above, build and improve on the single customs territory provided for in the Withdrawal Agreement which obviates the need for checks on rules of origin ***and ensures***

respect by the United Kingdom for the Union's level playing field. A new customs accord setting out the permanent arrangements will be incorporated in the association agreement.

C. Regulatory aspects

29. While preserving regulatory autonomy, the United Kingdom recognises the European Union's need to maintain the level playing field as established in the internal market for trade in goods. The Parties will put in place provisions to promote regulatory approaches that are transparent, efficient, promote avoidance of unnecessary barriers to trade in goods and are compatible to the extent possible. Disciplines on technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) ***will*** build on and go beyond the respective WTO agreements. Specifically, the TBT disciplines ***will*** set out common principles in the fields of standardisation, technical regulations, conformity assessment, accreditation, market surveillance, metrology and labelling. The Parties ***will*** treat one another as single entities as regards SPS measures, including for certification purposes, and recognise regionalisation on the basis of appropriate epidemiological information provided by the exporting party.

30. The Parties will examine favourably how to ensure by way of association the good participation of the United Kingdom authorities in all relevant Union agencies such as the European Medicines Agency (EMA), the European Chemicals Agency (ECHA), and the European Aviation Safety Agency (EASA).² The United Kingdom shall establish or maintain operationally independent authorities in all relevant sectors. In performing their duties and exercising their powers, the United Kingdom independent regulatory authorities shall have the necessary guarantees of independence from political or other external influence and shall act impartially. They shall be accessible to stakeholders and open to consultation with the European Commission.

D. Customs

31. The Parties will put in place ambitious customs arrangements, in pursuit of their overall objectives. In doing so, the Parties ***will make*** use of all available facilitative arrangements and technologies, in full respect of their legal orders and ensuring that customs authorities are able to protect the Parties' respective financial interests and enforce public policies. To this end, they ***will develop*** the mutual recognition of trusted traders' programmes, administrative cooperation in customs matters and mutual assistance, including for the recovery of claims related to taxes and duties, and through the exchange of information to combat customs fraud and other illegal activity.

32. Such facilitative arrangements and technologies will also be considered in developing ***the*** alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

E. Implications for checks and controls

33. Given the United Kingdom's commitments on customs and regulatory cooperation in trade in goods, including with regard to alignment of rules, the association agreement will establish the terms and conditions for related checks and controls. These terms and conditions, combined with the use of all available facilitative arrangements as described above, can lead to a spectrum of different outcomes for administrative processes as well as checks and controls which do not preclude the establishment of a new customs union. The Parties note in

² A list of the agencies with which the UK may wish to be associated appears in Annex I.

this context their wish to be as ambitious as possible, while respecting the integrity of their respective markets and legal orders.

III. SERVICES AND INVESTMENT

A. Objectives and principles

34. The Parties **will aim to** conclude ambitious, comprehensive and balanced arrangements **for free** trade in services and investment in services and non-services sectors, respecting each Party's right to regulate. The Parties **commit** to deliver a level of liberalisation in trade in services well beyond the Parties' World Trade Organization (WTO) commitments and building on recent Union Free Trade Agreements (FTAs).

35. In line with Article V of the General Agreement on Trade in Services (GATS), the Parties **will** aim at substantial sectoral coverage, covering all modes of supply and providing for the absence of substantially all discrimination in the covered sectors, with **only minimal** exceptions and limitations as appropriate. The arrangements should therefore cover sectors including professional and business services, telecommunications services, courier and postal services, distribution services, environmental services, financial services, transport services and other services of mutual interest.

B. Market access and non-discrimination

36. **In accordance with GATS**, the arrangements **will** include provisions on market access and national treatment under host state rules for the Parties' service providers and investors, as well as address performance requirements imposed on investors. This would ensure that the Parties' services providers and investors are treated in a non-discriminatory manner, including with regard to establishment.

37. The arrangements **must facilitate** the temporary entry and stay of natural persons for business purposes in defined areas.

C. Regulatory aspects

38. **While preserving regulatory autonomy, the United Kingdom recognises the European Union's need to maintain the level playing field as established in the internal market for trade in services.** The arrangements should include provisions to promote regulatory approaches that are transparent, efficient, compatible to the extent possible, and which promote avoidance of unnecessary regulatory requirements.

39. In this context, the Parties **aim to** agree disciplines on domestic regulation. These **will** include horizontal provisions such as on licensing procedures, and specific regulatory provisions in sectors of mutual interest such as telecommunication services, financial services, delivery services, and international maritime transport services. There should also be provisions on the development and adoption of domestic regulation that reflect good regulatory practices **and international standards**.

40. In this context, the Parties **will** establish a framework for voluntary regulatory cooperation in areas of mutual interest, including exchange of information and sharing of best practice.

41. The Parties **will** also develop appropriate arrangements on those professional qualifications which are necessary to the pursuit of regulated professions.

IV. FINANCIAL SERVICES

42. ***The Parties recognise the particular importance of this sector for the maintenance of business and financial confidence across the European Union.*** The Parties are committed to preserving financial stability, market integrity, investor and consumer protection and fair competition, while respecting the Parties' regulatory and decision-making autonomy, and their ability to take equivalence decisions in their own interest. This is without prejudice to the Parties' ability to adopt or maintain any measure where necessary for prudential reasons. The Parties agree to engage in close cooperation on regulatory and supervisory matters in international bodies.

43. Noting that both Parties will have equivalence frameworks in place that allow them to declare a third country's regulatory and supervisory regimes equivalent for relevant purposes, the Parties ***will*** start assessing equivalence with respect to each other under these frameworks as soon as possible after the United Kingdom's withdrawal from the Union, endeavouring to conclude these assessments before the end of June 2020. The Parties will keep their respective equivalence frameworks under review.

44. The Parties agree that close and structured cooperation on regulatory and supervisory matters is in their mutual interest. This cooperation ***will*** be grounded in the economic partnership and based on the principles of regulatory autonomy, transparency and stability. It ***must*** include transparency and appropriate consultation in the process of adoption, suspension and withdrawal of equivalence decisions, information exchange and consultation on regulatory initiatives and other issues of mutual interest, at both political and technical levels.

V. DIGITAL

45. In the context of the increasing digitalisation of trade covering both services and goods, the Parties ***will*** establish provisions to facilitate electronic commerce, address unjustified barriers to trade by electronic means, and ensure an open, secure and trustworthy online environment for businesses and consumers, such as on electronic trust and authentication services or on not requiring prior authorisation solely on the grounds that the service is provided by electronic means. These provisions should also facilitate cross-border data flows and address unjustified data localisation requirements, noting that this facilitation will not affect the Parties' personal data protection rules.

46. The Parties ***must*** provide, through sectoral provisions in telecommunication services, for fair and equal access to public telecommunication networks and services to each other's services suppliers and address anticompetitive practices.

47. The Parties ***commit to working*** together through multilateral and multi-stakeholder fora, and establish a dialogue to exchange information, experience and best practice relating to emerging technologies.

VI. CAPITAL MOVEMENTS AND PAYMENTS

48. The Parties will include provisions to enable free movement of capital and payments related to transactions liberalised under the economic partnership, subject to relevant exceptions.

VII. INTELLECTUAL PROPERTY

49. The Parties ***will*** provide for the protection and enforcement of intellectual property rights to stimulate innovation, creativity and economic activity, going beyond the standards of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and the World Intellectual Property Organisation conventions where relevant.

50. This should preserve the Parties' current high levels of protection, inter alia, of certain rights under copyright law, such as the sui generis right on databases and the artists' resale right. Noting the protection afforded to existing geographical indications in the Withdrawal Agreement, the Parties **will** seek to put in place arrangements to provide appropriate **mutual** protection for their geographical indications.

51. The Parties should maintain the freedom to establish their own regimes for the exhaustion of intellectual property rights.

52. The Parties **will** establish a mechanism for cooperation and exchange of information on intellectual property issues of mutual interest, such as respective approaches and processes regarding trademarks, designs and patents.

VIII. PUBLIC PROCUREMENT

53. Noting the United Kingdom's intention to accede to the WTO Government Procurement Agreement (GPA), the Parties **commit to providing** mutual opportunities in the Parties' respective public procurement markets beyond their commitments under the GPA in areas of mutual interest, without prejudice to their domestic rules to protect their essential security interests.

54. The Parties also commit **to achieving** standards based on those of the GPA ensuring transparency of market opportunities, public procurement rules, procedures and practices. Building on these standards, the Parties **will** address the risk of arbitrary behaviour when awarding contracts, and make available remedies and review procedures, including before judicial authorities.

IX. MOBILITY

55. *Although the free movement of persons between the Union and the United Kingdom will no longer apply, both Parties are committed to establishing new arrangements in the association agreement that will facilitate the mobility of persons on a reciprocal and non-discriminatory basis. The European Union welcomes the commitment of the United Kingdom to continue to welcome Union citizens who are workers and their families, students and tourists on the basis of the arrangements set out in the Withdrawal Agreement.*

56. In this context, the Parties aim to **ensure that the association agreement provides for reciprocal** visa-free travel for short-term visits. **They will seek to agree** conditions for entry and stay for purposes such as research, study, training and youth exchanges, **including the coordination of social security for such persons.**

57. *The Parties will aim to put in place uniform procedures at borders that will facilitate legitimate travel.* Any provisions will be without prejudice to the Common Travel Area (CTA) arrangements as they apply between the United Kingdom and Ireland.

58. To support mobility, the Parties confirm their commitment to the effective application of the existing international family law instruments to which they are parties. The Union notes the United Kingdom's intention to accede to the 2007 Hague Maintenance Convention to which it is currently bound through its Union membership.

59. The Parties **also intend to include in the association agreement arrangements that maintain United Kingdom participation in European Union** judicial cooperation in matrimonial, parental responsibility and other related matters **of family law.**

60. These arrangements would be in addition to commitments on temporary entry and stay of natural persons for business purposes in defined areas as referred to in Section III of this Part. Those commitments should not be nullified by the right of either Party to apply their respective laws, regulations and requirements regarding entry, stay and work.

X. TRANSPORT

A. Aviation

61. *The European Union welcomes the United Kingdom's intention to renegotiate its membership of the European Common Aviation Area (ECAA).* The Parties **must** ensure passenger and cargo air connectivity through a Comprehensive Air Transport Agreement (CATA). The CATA should cover market access and investment, aviation safety and security, air traffic management, and provisions to ensure open and fair competition, including appropriate and relevant consumer protection requirements and social standards.

62. *Accordingly,* the Parties **will** make further arrangements to achieve the **highest** standards of aviation safety and security, including through *the participation of the United Kingdom's Civil Aviation Authority (CAA) in the European Aviation Safety Agency (EASA).*

B. Road transport

63. The Parties **aim to** ensure comparable market access for freight and passenger road transport operators, underpinned by appropriate and relevant consumer protection requirements and social standards for international road transport, and obligations deriving from international agreements in the field of road transport to which both the United Kingdom and the Union and/or its Member States are signatories, notably concerning conditions to pursue the occupation of a road transport operator, certain conditions of employment in international road transport, rules of the road, passenger carriage by road and carriage of dangerous goods by road. In addition, the Parties **will** consider complementary arrangements to address travel by private motorists.

C. Rail transport

64. The Parties agree that bilateral arrangements **will** be established, as appropriate, for cross-border rail services, including to facilitate the continued smooth functioning and operation of rail services, such as the Belfast-Dublin Enterprise Line and services through the Channel Tunnel.

D. Maritime transport

65. The Parties note that passenger and cargo connectivity in the maritime transport sector will be underpinned by the international legal framework. The Parties **will** also make appropriate arrangements on market access for international maritime transport services.

66. The future relationship **will** facilitate cooperation on maritime safety and security, including exchange of information between the European Maritime Safety Agency (EMSA) and the United Kingdom Maritime and Coastguard Agency (MCA), consistent with the United Kingdom's status as a third country.

XI. ENERGY

A. Electricity and Gas

67. The Parties **will** cooperate to support the delivery of cost efficient, clean and secure supplies of electricity and gas, based on competitive markets and non-discriminatory access to networks.

68. The Parties **will** establish a framework to facilitate technical cooperation between electricity and gas networks operators and organisations, such as the European Networks of Transmission System Operators for Electricity and Gas, in the planning and use of energy infrastructure connecting their systems. The framework should also include mechanisms to ensure as far as possible security of supply and efficient trade over interconnectors over different timeframes.

B. Civil Nuclear

69. Recognising the importance of nuclear safety and non-proliferation, the future relationship **must** include a wide-ranging Nuclear Cooperation Agreement between the European Atomic Energy Community (EURATOM) and the United Kingdom on peaceful uses of nuclear energy, underpinned by commitments to their existing high standards of nuclear safety. The agreement **will** enable cooperation between EURATOM and the United Kingdom and its national authorities. This **will** include exchange of information in areas of mutual interest such as safeguards, safety and cooperation with the International Atomic Energy Agency (IAEA). It **will** facilitate trade in nuclear materials and equipment, and provide for the participation of the United Kingdom as a third country in Union systems for monitoring and exchanging information on levels of radioactivity in the environment, namely the European Community Urgent Radiological Information Exchange and the European Radiological Data Exchange Platform.

70. The **European Union welcomes** the United Kingdom's intention to be associated with the EURATOM research and training programmes as provided for in Section II of Part I.

71. The Parties note that the EURATOM Supply Agency intends to reassess in a timely manner the authorisations and approvals of contracts for the supply of nuclear material between Union and United Kingdom undertakings which it has co-signed.

72. The Parties will also cooperate through the exchange of information on the supply of medical radioisotopes.

C. Carbon pricing

73. **Determined jointly to combat global warming, the Parties will negotiate to link** a United Kingdom national greenhouse gas emissions trading system with the Union's Emissions Trading System.

XII. FISHING OPPORTUNITIES

74. The Parties **will** cooperate bilaterally and internationally to ensure fishing at sustainable levels, promote resource conservation, and foster a clean, healthy and productive marine environment, noting that the United Kingdom will be an independent coastal state.

75. While preserving regulatory autonomy, the Parties **will** cooperate on the development of measures for the conservation, rational management and regulation of fisheries, in a non-discriminatory manner. They will work closely with other coastal states and in international fora, including to manage shared stocks.

76. Within the context of the overall economic partnership the Parties **will aim to** establish a new fisheries agreement on, inter alia, access to waters and quota shares.

77. The Parties will use their best endeavours to conclude and ratify their new fisheries agreement by 1 July 2020 in order for it to be in place in time to be used for determining fishing opportunities for the first year after the transition period.

XIII. GLOBAL COOPERATION

78. The Parties recognise the importance of global cooperation to address issues of shared economic, environmental and social interest. As such, while preserving their decision-making autonomy, the Parties **will** cooperate in international fora, such as the G7 and the G20, where it is in their mutual interest, including in the areas of: a) climate change; b) sustainable development; c) cross-border pollution; d) public health and consumer protection; e) financial stability; and f) the fight against trade protectionism.

79. The **association agreement will** reaffirm the Parties' commitments to international agreements to tackle climate change, including those which implement the United Nations Framework Conventions on Climate Change, **notably** the Paris Agreement.

XIV. LEVEL PLAYING FIELD FOR OPEN AND FAIR COMPETITION

80. The future relationship must ensure open and fair competition. Provisions **of the association agreement** to ensure this will cover state aid, competition, social and employment standards, environmental standards, climate change, and relevant tax matters, building on the level playing field arrangements provided for in the Withdrawal Agreement and commensurate with the overall economic relationship. The Parties **will** consider the precise nature of commitments in relevant areas, having regard to the scope and depth of the future relationship, **and aware that a broad spectrum of different outcomes is possible including that of a customs union**. The commitments **made in the association agreement will** combine appropriate and relevant Union and international standards, adequate mechanisms to ensure effective implementation domestically, **and** enforcement and dispute settlement.

81. ***The association agreement will include non-regression clauses where appropriate. The United Kingdom undertakes to maintain the highest standards in the field of workers' rights, environmental policy and consumer protection. The European Union welcomes the United Kingdom's commitment to regulatory alignment in state aids and competition policy.***

PART III: SECURITY PARTNERSHIP

I. OBJECTIVES AND PRINCIPLES

82. ***Notwithstanding its departure from the European Union, the United Kingdom remains committed to contributing to the internal security of Europe and the extension of justice and the rule of law across the continent. The new*** partnership will take into account geographic proximity and evolving threats, including serious international crime, terrorism, cyber-attacks, disinformation campaigns, hybrid threats, the erosion of the rules-based international order and the resurgence of state-based threats. The partnership will respect the sovereignty of the United Kingdom and the autonomy of the Union.

83. ***Noting the United Kingdom's long-standing contribution to the security and defence of Europe and its distinctive role in world affairs, the Parties will establish provisions in the association agreement designed to enhance European external security within the context of the transatlantic alliance.*** The Parties will promote global security, prosperity and effective multilateralism, underpinned by their shared principles, values and interests. ***The United***

Kingdom supports the development by the European Union of permanent structured cooperation in defence.

II. LAW ENFORCEMENT AND JUDICIAL COOPERATION IN CRIMINAL MATTERS

84. The future relationship will provide for comprehensive, close, balanced and reciprocal law enforcement and judicial cooperation in criminal matters, with the view to delivering strong operational capabilities for the purposes of the prevention, investigation, detection and prosecution of criminal offences, taking into account the geographic proximity, shared and evolving threats the Parties face, the mutual benefits to the safety and security of their citizens.

85. The Parties agree that the scale and scope of future arrangements should achieve an appropriate balance between rights and obligations – the closer and deeper the partnership the stronger the accompanying obligations. ***The association agreement*** must reflect the commitments the United Kingdom is willing to make that respect the integrity of the Union's legal order, ***namely the*** alignment of rules and the mechanisms for disputes and enforcement, including the role of the Court of Justice of the European Union (CJEU) in the interpretation of Union law. It ***will*** also be underpinned by long-standing commitments to the fundamental rights of individuals, including continued adherence and ***respect for*** the ECHR, and adequate protection of personal data, which are essential prerequisites for the cooperation envisaged by the Parties, the transnational *ne bis in idem* principle, and procedural rights. ***The agreement will*** also reflect the commitment to the Charter of Fundamental Rights of the European Union and its Member States.

86. Noting these commitments, the future relationship should cover ***inter alia*** arrangements across three areas of cooperation: data exchange; operational cooperation between law enforcement authorities and judicial cooperation in criminal matters; and anti-money laundering and counter terrorism financing.

A. Data exchange

87. Recognising that effective and swift data sharing and analysis is vital for modern law enforcement, the Parties agree to put in place arrangements that reflect this in order to respond to evolving threats, ***to*** disrupt terrorism and serious criminality, ***to*** facilitate investigations and prosecutions, and ***to*** ensure the security of the public.

88. The Parties ***will*** establish reciprocal arrangements for timely, effective and efficient exchange of Passenger Name Record (PNR) data and the results of processing such data stored in respective national PNR processing systems, and of DNA, fingerprints and vehicle registration data (Prüm).

89. The Parties ***will*** consider further arrangements appropriate to the United Kingdom's future status for data exchange, such as exchange of information on wanted or missing persons (***SIS II***) and objects and of criminal records (***ECRIS***), with ***a*** view to delivering capabilities that, ***within the context of the association agreement***, approximate ***to*** those enabled by relevant Union mechanisms.

B. Operational cooperation between law enforcement authorities and judicial cooperation in criminal matters

90. The Parties recognise the value in facilitating ***systematic***, operational cooperation between ***their*** law enforcement and judicial authorities, and will therefore ***negotiate the United Kingdom's association within Europol and Eurojust in accordance with the relevant laws of the Union.***

91. The Parties **will seek to** establish effective arrangements based on streamlined procedures and time limits **that enable** the United Kingdom and Member States to surrender suspected and convicted persons efficiently and expeditiously with the possibility to waive the requirement of double criminality, and to determine the applicability of these arrangements to their own nationals and **in cases of** political offences. ***The United Kingdom may seek to be associated with the European Arrest Warrant (EAW).***

92. The Parties **will** consider further arrangements for practical cooperation between law enforcement authorities, and between judicial authorities in criminal matters, such as joint investigation teams, with **a** view to delivering capabilities that, ***within the context of the association agreement***, approximate **to** those enabled by relevant Union mechanisms.

C. Anti-money laundering and counter-terrorism financing

93. The Parties agree to support international efforts to prevent and fight against money laundering and terrorist financing, particularly through compliance with Financial Action Task Force (FATF) standards and associated cooperation. The Parties agree to go beyond the FATF standards with regard to ***transparency requirements*** concerning beneficial ownership and the use of virtual currencies, ***as well as*** obliging virtual currency exchanges and custodian wallet providers to apply customer due diligence controls.

III. FOREIGN POLICY, SECURITY AND DEFENCE

94. The Parties support ambitious, close and lasting cooperation on external action to protect citizens from external threats, including new emerging threats, **to** prevent conflicts, **to** strengthen international peace and security, including through the United Nations and NATO, and **to** address the root causes of global challenges such as terrorism or illegal migration. They will champion a rules-based international order and project their common values worldwide.

95. The Parties will promote sustainable development and the eradication of poverty. In this regard, they will continue to support the implementation of the United Nations Sustainable Development Goals and the European Consensus on Development.

96. The Parties will shape and pursue their foreign policies according to their respective strategic and security interests, and their respective legal orders. When and where these interests are shared, the Parties **will** cooperate closely at the bilateral level and within international organisations. The Parties should design flexible and ***graded*** cooperation that would ensure that the United Kingdom ***combines*** efforts with the Union to the greatest effect, including in times of crisis or when serious incidents occur.

97. To this end, the ***association agreement will*** provide for appropriate dialogue, consultation, coordination, exchange of information and cooperation mechanisms, including the secondment of experts.

A. Consultation and cooperation

98. The Parties **will** establish structured consultation and regular thematic dialogues identifying areas and activities where close cooperation could contribute to the attainment of common objectives.

99. In this regard, the political dialogue on Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP) as well as sectoral dialogues **will** enable flexible consultation between the Parties at different levels (ministerial, senior official, working). The

High Representative may, where appropriate, invite the United Kingdom to informal ministerial meetings of the Member States of the Union.

100. The Parties **will** seek to cooperate closely in third countries, including on security, consular provision and protection, and development projects, as well as in international organisations and fora, notably in the United Nations. This **will** allow the Parties, where relevant, to support each other's positions, deliver external action and manage global challenges in a coherent manner, including through agreed statements, demarches and shared positions.

B. Sanctions

101. **While retaining the right to pursue** independent sanctions policies, the Parties recognise sanctions as a multilateral foreign policy tool **whose effectiveness is dependent on** close consultation and cooperation.

102. Consultation on sanctions **will** include the exchange of information on listings and their justification, development, implementation and enforcement, as well as technical support, and dialogue on future designations and regimes. Where foreign policy objectives that underpin a specific future sanction regime are aligned between the Parties, intensified exchange of information at appropriate stages of the policy cycle of this sanctions regime will take place, with the possibility of adopting sanctions that are mutually reinforcing.

C. Operations and missions

103. The Parties welcome close cooperation in Union-led crisis management missions and operations, both civilian and military. The future relationship should therefore enable the United Kingdom to participate on a case by case basis in CSDP missions and operations through a Framework Participation Agreement.

104. Where, following early consultation and exchange of information through the political dialogue, the United Kingdom indicates its intention to contribute to a planned CSDP mission or operation open to third countries, the Parties **will** intensify interaction and exchange of information at relevant stages of the planning process and proportionately to the level of United Kingdom's contribution. This **will** allow the United Kingdom to best tailor its contribution and provide timely expertise.

105. As a contributor to a specific CSDP mission or operation, the United Kingdom would participate in the Force Generation conference, Call for Contributions, and the Committee of Contributors meeting to enable sharing of information about the implementation of the mission or operation. It **would** also have the possibility, in case of CSDP military operations, to second staff to the designated Operations Headquarters proportionate to the level of its contribution.

D. Defence capabilities development

106. The future relationship **will** benefit from research and industrial cooperation between the Parties' in specific European collaborative projects **aimed at facilitating** interoperability and **promoting the** joint effectiveness of armed forces. In this regard, while both Parties should preserve their respective strategic autonomy and freedom of action underpinned by their respective domestic defence industrial bases, the Parties agree to enable to the extent possible under the conditions of Union law: a) the United Kingdom's collaboration in relevant existing and future projects of the European Defence Agency (EDA) through an Administrative Arrangement; b) the participation of eligible United Kingdom entities in collaborative defence projects bringing together Union entities supported by the European Defence Fund (EDF); and c) the United Kingdom's collaboration in projects in the framework of Permanent Structured

Cooperation (PESCO), where invited to participate on an exceptional basis by the Council of the European Union in PESCO format.

E. Intelligence exchanges

107. The Parties **will** exchange intelligence on a timely and voluntary basis as appropriate, in particular in the field of counter-terrorism, hybrid threats and cyber-threats, and in support of those CSDP missions and operations to which the United Kingdom will be contributing. While the Parties will produce intelligence products autonomously, such intelligence exchange should contribute to a shared understanding of Europe's security environment.

108. The future relationship **will** allow for timely exchanges of intelligence and sensitive information between the relevant Union bodies and the United Kingdom authorities. The European Union Satellite Centre (EUSC) and the United Kingdom **will** cooperate in the field of space-based imagery.

F. Space

109. The Parties **will negotiate** appropriate arrangements for **continued** cooperation on space, ***notably over the Galileo project, including access to the encrypted Public Regulated Service. The European Union welcomes the United Kingdom's intention to maintain membership of the European Space Agency.***

G. Development cooperation

110. The Parties **will** establish a dialogue to enable strategies in the programming and delivery of **overseas** development **and humanitarian assistance** that are mutually reinforcing.

111. On the basis of their mutual interest **and past experience**, the Parties **will** consider how the United Kingdom **can** contribute to the Union's instruments and mechanisms, including coordination with the Union's delegations in third countries.

IV. THEMATIC COOPERATION

A. Cyber security

112. The Parties reaffirm their commitment to promote security and stability in cyberspace through increased international cooperation. The Parties agree to exchange information on a voluntary, timely and reciprocal basis, including on cyber-incidents, techniques and origin of the attackers, threat-analysis, and best practices to help protect the United Kingdom and the Union from common threats.

113. In particular, the United Kingdom **will** cooperate closely with the Computer Emergency Response Team – European Union (CERT-EU) and, subject to the conclusion of an agreement as provided for in Union law, participate in certain activities of the Cooperation Group established under the Union's Directive on Security of Network and Information Systems and of the European Union Agency for Network and Information Security (ENISA).

114. The Parties **will** cooperate to promote effective global practices on cyber security in relevant international bodies.

115. The United Kingdom and the Union will establish a cyber dialogue to promote cooperation and identify opportunities for future cooperation as new threats, opportunities and partnerships emerge.

B. Civil protection

116. The Parties **will** cooperate in the field of civil protection in respect of natural or manmade disasters. This cooperation would be enabled by the United Kingdom's participation in the Union's Civil Protection Mechanism as a Participating State.

C. Health security

117. The Parties **will** cooperate in matters of health security in line with existing Union arrangements with third countries. The Parties will aim to cooperate in international fora on prevention, detection, preparation for and response to established and emerging threats to health security in a consistent manner.

D. Illegal and irregular migration

118. The Parties will cooperate to tackle illegal **and irregular** migration, including its drivers and its consequences, whilst recognising the need to protect the most vulnerable. This cooperation will cover: a) operational cooperation with Europol to combat organised immigration crime; b) working with the European Border and Coastguard Agency (**Frontex**) to strengthen the Union's external border; and c) dialogue on shared objectives and cooperation, including in third countries and international fora, to tackle illegal migration upstream.

E. Counter-terrorism and countering violent extremism

119. The Parties **will** cooperate on counter-terrorism, countering violent extremism and emerging threats to advance their common security and shared interests. Recognising the mutual advantage of collective dialogue and operational cooperation, the partnership should support: a) sharing best practice and expertise on key issues and themes; b) cooperating with the appropriate intelligence analysis bodies to ensure effective assessment sharing between the Parties, including on counter-terrorism; and c) a close dialogue on emerging threats and new capabilities.

V. CLASSIFIED AND SENSITIVE NON-CLASSIFIED INFORMATION

120. The Parties agree to conclude a Security of Information Agreement, along with Implementing Arrangements, that **will** provide for reciprocal guarantees for the handling and protection of the Parties' classified information.

121. Where necessary, the Parties **will** set out the terms for the protection of sensitive non-classified information provided and exchanged between them.

PART IV: INSTITUTIONAL AND OTHER HORIZONTAL ARRANGEMENTS

I. STRUCTURE

122. The future relationship **will** be based on an overarching institutional framework covering chapters and linked agreements relating to specific areas of cooperation, while recognising that the precise legal form of this future relationship will be determined as part of the formal negotiations. Where appropriate, the Parties may establish specific governance arrangements in individual areas.

123. The Parties may also decide that an agreement should sit outside of the overarching institutional framework, and in those cases should provide for appropriate governance arrangements.

124. The Parties **agree** that the overarching institutional framework **will** take the form of an Association Agreement **on the basis of Article 217 TFEU**.

125. The Parties **will keep** the future relationship **under review as part of the on-going governance of the association agreement, consistent with its dynamic character**.

126. **The Parties recognise that the democratic legitimacy of the association agreement is based on the voluntary consent of the Parties to the rights and obligations contained in this agreement. It is for the Parties to secure the necessary democratic mandate for that voluntary consent, including by engaging their respective parliaments through the negotiating process as well as through the ratification process as determined in accordance with their own constitutional requirements and principles.**

II. GOVERNANCE

127. In order to ensure the proper functioning of the future relationship, **and to reflect its breadth**, the Parties commit to engage in regular dialogue and to establish robust, efficient and effective arrangements for its management, supervision, implementation, review and development over time, and for the resolution of disputes and enforcement based on the arrangements provided for in the Withdrawal Agreement, in full respect of their own legal orders.

128. **The institutions of the European Union and the government of the United Kingdom will be jointly responsible for the good governance of the new partnership. The Parties are committed to making the governance of the association agreement as transparent and democratic as possible.**

A. Strategic direction and dialogue

129. The future relationship **will involve sustained** dialogue between the Parties at summit, ministerial, technical, **juridical and** parliamentary level. The Parties will **also create a platform for** civil society dialogue.

130. In this context, the summit and ministerial level **will** oversee the future relationship, provide strategic direction and discuss opportunities for cooperation in areas of mutual interest, including on regional and global issues. This **will** foster a strong relationship between the Parties, support the operation of the agreements, and enable the partnership to evolve in response to changing and unforeseen circumstances.

131. There will also be specific thematic dialogues at ministerial and senior official level, established as part of the economic and security partnerships, which **will** take place as often as is necessary for the effective operation of the future relationship.

132. The Parties support the establishment of a dialogue between the European Parliament and the Parliament of the United Kingdom, where they see fit, in order for the legislatures to share views and expertise on issues related to the **association agreement and to engage in dialogue on other matters of mutual concern**.

B. Management, administration and supervision

133. The Parties **will** establish a Joint Committee responsible for managing and supervising the implementation and operation of the future relationship, facilitating the resolution of disputes as set out below, and making recommendations concerning its evolution. **The Joint Committee**

will draw on the experience of the Joint Committee as provided during the transition period under the terms of the Withdrawal Agreement.

134. The Joint Committee ***will*** comprise the Parties' representatives at an appropriate level, establish its own rules of procedures, reach decisions by mutual consent, and meet as often as required to fulfil its tasks. As necessary, it could establish specialised sub-committees to assist it in the performance of its tasks. ***A joint secretariat will be established in Brussels to service the intergovernmental bodies established under the association agreement.***

C. Interpretation

135. In full respect of the autonomy of the Parties' legal orders, the Union and the United Kingdom will seek to ensure the consistent interpretation and application of the future relationship.

D. Dispute settlement

136. The Parties will base the arrangements for dispute settlement and enforcement on those provided for in the Withdrawal Agreement. To that end, the Parties should first make every attempt to resolve any matter concerning the operation of the ***association agreement*** through discussion and consultation ***at political and technical levels***. If either Party ***deem*** it necessary, it ***will*** be able to refer the matter to the Joint Committee for formal resolution.

137. Unless otherwise provided, the Joint Committee may agree to refer the dispute to an independent arbitration panel at any time, and either Party should be able to do so where the Joint Committee has not arrived at a mutually satisfactory resolution within a defined period of time. The decisions of the independent arbitration panel will be binding on the Parties.

138. Should a dispute raise a question of interpretation of Union law, which may also be indicated by either Party, the arbitration panel should refer the question to the CJEU as the sole arbiter of Union law, for a binding ruling. The arbitration panel should decide the dispute in accordance with the ruling given by the CJEU. Where a Party considers that the arbitration panel should have referred a question of interpretation of Union law to the CJEU, it may ask the panel to review and provide reasons for its assessment.

139. Where a Party fails to take measures necessary to comply with the binding resolution of a dispute within a reasonable period of time, the other Party would be entitled to request financial compensation or take proportionate and temporary measures, including suspension of its obligations within the scope of the future relationship. The ***association agreement*** will also set out the conditions under which obligations arising from parts of any agreement between the Union and the United Kingdom may be suspended, including as foreseen in Article 178 of the Withdrawal Agreement. Either Party may refer the proportionality of such measures to the independent arbitration panel.

III. EXCEPTIONS AND SAFEGUARDS

140. The ***association agreement will*** provide for appropriate exceptions regarding security; national security is the sole responsibility of the Member States of the Union and the United Kingdom respectively.

141. The ***association agreement will*** address the possibility for a Party to activate temporary safeguard measures that would otherwise be in breach of its commitments in case of circumstances of significant economic, societal or environmental difficulties. This should be

subject to strict conditions and include the right for the other Party to rebalancing measures. The proportionality of measures taken will be subject to independent arbitration.

PART V: FORWARD PROCESS

142. In setting out the framework of the future relationship between the Union and the United Kingdom, this declaration confirms, as set out in the Withdrawal Agreement, that it is the clear intent of both Parties to develop in good faith agreements giving effect to this relationship and to begin the formal process of negotiations as soon as possible after the United Kingdom's withdrawal from the Union, such that they can come into force by the end of 2020 ***or as from the end of the transition period in the case that the transition period is extended.***

143. Both Parties affirm that the achievements, benefits and commitments of the peace process in Northern Ireland will remain of paramount importance to peace, stability and reconciliation. They agree that the Good Friday or Belfast Agreement reached on 10 April 1998 by the United Kingdom Government, the Government of Ireland and the other participants in the multi-party negotiations (the "1998 Agreement") must be protected in all its parts, and that this extends to the practical application of the 1998 Agreement on the island of Ireland and to the totality of the relationships set out in the 1998 Agreement.

144. The Parties will progress the development of the legal agreements giving effect to the future relationship in two stages.

I. BEFORE WITHDRAWAL

145. Between the approval of this declaration and the United Kingdom's withdrawal from the Union, the Parties will each engage in preparatory organisational work, with the aim of enabling rapid commencement of and progress in formal negotiations.

146. This work ***will*** draw up a proposed schedule to deliver the work programme required, having identified the areas likely to require the greatest consideration, such as those elements related to the alternative arrangements for ensuring the absence of a hard border on the island of Ireland on a permanent footing.

147. The Parties will also consider the logistical requirements of the formal negotiations.

II. AFTER WITHDRAWAL

148. ***As soon as*** the Union has taken the steps necessary to begin formal negotiations under Article 218 (TFEU), the Parties will negotiate in parallel the agreements needed to give the future relationship legal form. ***The European and United Kingdom Parliaments will be informed and consulted throughout the process of negotiating and concluding the association agreement.***

149. Immediately following the United Kingdom's withdrawal, and based on their preparatory work, the Parties will agree a programme including: a) the structure and format of the negotiation rounds, including with respect to parallel tracks; and b) a formal schedule of negotiating rounds.

150. This programme will be designed to deliver the Parties' shared intention as set out in paragraph 141.

III. REVIEW POINTS

151. The Parties will convene a high level conference at least every six months from the date of the United Kingdom's withdrawal from the Union to take stock of progress and agree, as far as is possible between them, actions to move forward.
